



NATIONAL CREDIT UNION ADMINISTRATION

Agency Information Collection Activities: Submission to OMB for Reinstatement, Without Change, of a Previously Approved Collection; Comment Request.

AGENCY: National Credit Union Administration (NCUA).

ACTION: Request for comment.

SUMMARY: The NCUA intends to submit the following information collection to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995 (Public Law 104-13, 44 U.S.C. Chapter 35). This information collection is published to obtain comments from the public. The information collection applies to credit unions that engage in member business lending and requires written loan policies that address the various aspects of the member business loan program. Credit unions desiring a waiver from appraisal requirements, aggregate construction and development loan, loan-to-value ratios, personal liability and guarantee requirements, unsecured lending limits to one borrower, aggregate unsecured lending limits, or outstanding loans to one borrower limits of Part 723 must submit certain information to NCUA for consideration. Finally, a credit union seeking regulatory approval to purchase certain business loans in addition to those, which are statutorily limited, must submit certain information to NCUA for consideration.

DATES: Comments will be accepted until [Insert date 60 Days from date of publication in the FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to the NCUA Contact and the OMB Reviewer listed below:

NCUA Contact: Tracy Crews
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428
Fax No. 703-837-2861
E-mail: OCIOFRA@ncua.gov

OMB Contact: Office of Management and Budget
ATTN: Desk Officer for the National Credit Union Administration
Office of Information and Regulatory Affairs
Washington, DC 20503

FOR FURTHER INFORMATION CONTACT: Request for additional information, a copy of the information collection request, or a copy of submitted comments should be directed to Tracy Crews at the National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428, or at (703) 518-6444.

SUPPLEMENTARY INFORMATION:

I. Abstract and request for comments

NCUA is amending/reinstating the collection for 3133-0101. Part 723 of NCUA's regulations implements provisions in the Federal Credit Union Act (Act) for business loans and addresses NCUA's safety and soundness concerns regarding this activity. Part 723 requires that credit unions that engage in business lending maintain written loan policies that address various aspects of the activity, including identification of the types of business loans the credit union will make, qualifications of loan officers, documentation requirements for creditworthiness of borrowers, collateral requirements, loan procedures, interest rates and maturities, and so forth. 12 C.F.R. §723.6. Business lending is recognized as inherently riskier than consumer lending

and requires particular expertise. Before promulgation of the member business loan regulation in the 1980s, business loans caused significant losses to the credit unions and the National Credit Union Share Insurance Fund (NCUSIF). Requiring federally-insured credit unions to develop specific business loan policies and procedures protects the safety and soundness of credit unions and the NCUSIF.

Part 723 also permits credit unions to apply for a waiver from certain regulatory requirements. 12 C.F.R. §§723.10 -.11. Specifically, the rule permits waivers from the following requirements or limitations: appraisal requirements, aggregate construction and development loan limits, minimum borrower equity requirements for construction and development loans, loan-to-value ratios, personal liability and guarantee requirements, unsecured lending limits to one borrower, aggregate unsecured lending limits, and outstanding loans to one borrower limits. NCUA needs certain information from a credit union to consider the waiver request and evaluate the risks and impact of the waiver on the credit union and potential effect on the NCUSIF.

Finally, Part 723 permits a credit union to obtain regulatory approval so that it may purchase certain business purpose loans in addition to those which are statutorily limited. 12 C.F.R. §723.16(b)(2). NCUA needs certain information from a credit union to evaluate its request so that NCUA may assess safety and soundness considerations and potential effect on the NCUSIF.

NCUA examiners review the credit union policies during regulatory examinations. These reviews allow examiners to determine the appropriateness and risks of the programs they address for both the credit union and the NCUSIF. Written policies

enable examiners to determine that the credit union is, in fact, following its own business planning in engaging member business lending. As part of the examination process, this review helps prevent losses to credit unions and the NCUSIF.

For waiver requests, the information in the requests permits NCUA staff to make a reasonable determination of the appropriateness of the requests. For loan approval requests, the information in the requests permits NCUA staff to determine the appropriateness and risks of the loan purchases the credit union proposes for both the credit union and the NCUSIF.

An increase in the reporting burden from the prior submission occurred due to an adjustment to the estimated responses based upon current credit union activity. While the number of respondents decreased, the estimated waiver activity increased resulting in an overall increase in annual response hours.

The NCUA requests that you send your comments on this collection to the location listed in the addresses section. Your comments should address: (a) the necessity of the information collection for the proper performance of NCUA, including whether the information will have practical utility; (b) the accuracy of our estimate of the burden (hours and cost) of the collection of information, including the validity of the methodology and assumptions used; (c) ways we could enhance the quality, utility, and clarity of the information to be collected; and (d) ways we could minimize the burden of the collection of the information on the respondents such as through the use of automated collection techniques or other forms of information technology. It is NCUA's policy to make all comments available to the public for review.

II. Data

OMB Number: 3133-0101.

Form Number: N/A.

Type of Review: Reinstatement, without change.

Title: 12 C.F.R. Parts 723.5 - Develop written loan policies - and 723.11 - Provide waiver requests.

Description: The general purpose of the requirements imposed by the rule is to ensure that loans are made, documented, and accounted for properly and for the ultimate protection of the National Credit Union Share Insurance Fund.

Respondents are federally insured credit unions who make business loans as defined in the regulation.

Respondents: Federally Insured Credit Unions.

Estimated No. of Respondents/Recordkeepers: 1,116.

Estimated Burden Hours Per Response: 4-17 hours.

Frequency of Response: Recordkeeping, reporting and on occasion.

Estimated Total Annual Burden Hours: 9,492 hours.

Estimated Total Annual Cost: \$0.

By the National Credit Union Administration Board on July 15,
2013_____.

Mary Rupp
Secretary of the Board

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